ADMINISTRATION'S RECOMMENDATIONS FOR A COMPREHENSIVE SOIL AND WATER CONSERVATION ACT PROGRAM

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

OCTOBER 28, 1981

Printed for the use of the
Committee on Agriculture, Nutrition, and Forestry

U.S. GOVERNMENT PRINTING OFFICE
87-600 O WASHINGTON: 1981

S161-5

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

JESSE HELMS, North Carolina, *Chairman*

BOB DOLE, Kansas	WALTER D. HUDDLESTON, Kentucky
S. I. HAYAKAWA, California	PATRICK J. LEAHY, Vermont
RICHARD G. LUGAR, Indiana	EDWARD ZORINSKY, Nebraska
THAD COCHRAN, Mississippi	JOHN MELCHER, Montana
RUDY BOSCHWITZ, Minnesota	DAVID H. PRYOR, Arkansas
ROGER W. JEPSEN, Iowa	DAVID L. BOREN, Oklahoma
PAULA HAWKINS, Florida	ALAN J. DIXON, Illinois
MARK ANDREWS, North Dakota	HOWELL HEFLIN, Alabama

GEORGE S. DUNLOP, *Chief of Staff*
J. ROBERT FRANKS, *General Counsel*
CARL P. ROSE, *Counsel and Staff Director for the Minority*

CONTENTS

	Page
Helms, Hon. Jesse, a U.S. Senator from North Carolina, opening statement	1
Block, Hon. John, Secretary, U.S. Department of Agriculture	3

APPENDIX

Block, Hon. John, Secretary, U.S. Department of Agriculture:	
Statement	19
Letter dated December 31, 1981, to Senator Helms, with enclosed answers to questions from Senator Jepsen and answers to questions from R. Neil Sampson, National Association of Conservation Districts	23

ADMINISTRATION'S RECOMMENDATIONS FOR A COMPREHENSIVE SOIL AND WATER CONSERVATION ACT PROGRAM

WEDNESDAY, OCTOBER 28, 1981

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C.

The committee met, pursuant to notice, at 11:08 a.m., in room 324, Russell Senate Office Building, Hon. Jesse Helms (chairman) presiding.

Present: Senators Helms, Hayakawa, Lugar, Jepsen, Huddleston, and Dixon.

STATEMENT OF HON. JESSE HELMS, A U.S. SENATOR FROM NORTH CAROLINA

The CHAIRMAN. The committee will come to order. We are honored and delighted to have with us this morning the distinguished Secretary of Agriculture, John Block, who has agreed to give the committee a briefing on the new soil and water conservation proposals that have resulted from the 5-year study mandated by the Soil and Water Resources Conservation Act of 1977.

As we all know, soil and water conservation has been an issue before this committee and has always received bipartisan support. I can think of no subject area handled by this committee in which there is more agreement, as a matter of fact.

I will say to the Secretary that this committee and Members of Congress are already familiar with the appraisal of the status, and the conditions and trends in soil and water conservation released by the Department last year. I would like to believe that everybody appreciates the work that has been done here, both in the appraisal and in the program recommendations, and I know that the latter has been a particular problem for Secretary Block because of the need to remain within budget restraints with which all of us are familiar these days, even though the magnitude of our soil and water conservation problems in America today are so great.

I would say also that this committee has already made significant progress in soil and water conservation this year by including a number of new provisions in S. 884, the 1981 farm bill. It is our hope that the provisions already included in the farm bill will be compatible with the recommendations to be made here this morning by the Secretary of Agriculture.

I wonder if there would be any comments by the able members of the committee. Senator Hayakawa, Senator Lugar, or Senator Dixon?

Senator HAYAKAWA. I am looking forward to Secretary Block's remarks on the matter because while there is such a very difficult and pertinent problem in California, it is a problem that threatens to split the State in two if we do not solve it properly. So I am looking forward to your remarks, Mr. Secretary.

Senator LUGAR. Mr. Chairman, There probably is no more a critical probler in the long run for American agriculture than the conservation of our precious resources. I am glad that the culmination of this report offers an opportunity for the Secretary and his associates to gather with us. I appreciate your leadership in bringing us together for an oversight hearing that is very different from the normal problems of this committee. It is probably the most important mission we have.

The CHAIRMAN. Thank you. Senator Dixon.

Senator DIXON. Mr. Chairman, I am always delighted to see one of Illinois' great leading citizens.

The CHAIRMAN. I thought that was coming. [Laughter]

Senator DIXON. We are delighted that Jack Block could visit with us today about the important national problem of soil and water erosion.

The CHAIRMAN. Thank you, Senator. Senator Jepsen, you have done so much work in this field. We welcome you this morning.

Senator JEPSEN. Thank you, Mr. Chairman. I, of course, want to thank you for making this a full committee briefing. Mr. Chairman, I appreciate your calling the meeting of the full committee for this important event. We have looked forward for some time now to making some changes in the Nation's soil and water conservation policy which would bring about the installation and adoption of practices quicker.

As chairman of the Soil and Water Conservation Subcommittee, I have conducted five formal hearings on soil erosion in Iowa and in Washington, and the message was loud and clear in every instance: Soil erosion is a serious national problem.

As you and other members of this committee know, I have sponsored several bills to help deal with these problems which are so evident and potentially devastating to the food and fiber production base of this country and the world. I am pleased that the Secretary has responded to our request to present this proposal in person. I believe this is the first time in history that a major proposal like this has been submitted on this basis. I am looking forward to his statement, as are other members of this committee. Mr. Secretary, we are also pleased that a cooperative effort is underway. We look forward to working with you and your staff.

For the first time in history, both the Senate and House farm bills contain a title on resource conservation. Senator Hayakawa has provided a great deal of effort throughout the years to see that this work was completed. I thank him for that. Such titles are included because Congress recognizes the sense of urgency in dealing with the widespread soil erosion situation.

Mr. Chairman, the Secretary will also be submitting completed staff work this morning. It results from some concerns expressed by Senator Huddleston and other Agriculture Committee members in 1977 when they drafted what is now known as the Soil and Water Resources Conservation Act of 1977.

Mr. Chairman, thank you for calling on me. Mr. Secretary, thank you for coming today, we look forward to hearing your statement.

The CHAIRMAN. Thank you, Senator Jepsen. The able and distinguished ranking member of this committee, Senator Huddleston, do you have any comments?

Senator HUDDLESTON. Only, Mr. Chairman, that I am glad to have the Secretary here and I have a particular interest in this subject. As Senator Jepsen has mentioned, we were instrumental in the passage of the legislation. I think it will be very important, and I am very interested in what the Secretary has to say.

The CHAIRMAN. Thank you, Senator Huddleston. We also welcome John Crowell, Assistant Secretary for Natural Resources and Environment; Dick Siegel, Deputy Assistant Secretary for Natural Resources and Environment, and Dave Unger, Associate Chief of the Soil Conservation Service. I imagine we will be hearing from them a little later on.

Mr. Secretary, we do welcome you, and you may proceed with whatever remarks you wish.

STATEMENT OF HON. JOHN BLOCK, SECRETARY, U.S. DEPARTMENT OF AGRICULTURE

Secretary BLOCK. Mr. Chairman and other members of this Senate Agriculture Committee, I want to express my appreciation for the opportunity to appear before this committee on the subject that I have deep personal interest in. I don't feel that anyone can spend most of his lifetime farming and not have a concern about preservation of our natural resources. I was as recently as this last weekend harvesting some corn and soybeans, and I make it a practice of going back once a month to the farm. You don't get it out of your block, and you are always concerned about conserving the valuable resources that you have in this industry.

I am going to read part of this statement,[1] but not every detail of it, in hope that it will spark some questions from the committee. Upon conclusion, I would be very pleased to answer any questions that the committee might happen to have.

I appreciate the opportunity to report to the committee on the proposed soil and water conservation program of the Department of Agriculture. This is the program that the Department of Agriculture is required to develop under the Soil and Water Resources Conservation Act of 1977. Your committee has a long history of support for the conservation and wise use of our water and land resources.

At my confirmation hearing, we discussed soil and water conservation needs, and, later, I committed myself to deliver a program to Congress by the end of this year. As you can see, I have not waited until the end of the year. We have advanced the schedule and our preferred program will be made available tomorrow for public review and comments.

Meanwhile, your committee has approved some conservation initiatives that have been adopted by the Senate in their farm bill. You have not waited either. I hope we can work together in a

[1] See p. 19 for the prepared statement of Secretary Block.

constructive spirit on new directions that are necessary to attack the Nation's soil and water conservation problems.

I would just say very quickly that I think a lot of these problems change very rapidly. This is not in my text, but I know that when I was a boy there weren't very many soybeans raised; a couple of years ago, we had more soybeans produced in the United States than we did corn. As a boy I would have never believed that could happen. Soybeans are a very erosive crop compared to corn and it has created problems that we did not have before. We need to raise the soybeans, not only for our own country but for needy countries with hungry people around the world. We need to look to some new practices and means of conserving soil if we are going to do this. So, I think some of the problems today are different from what they were.

Before I discuss the provisions of our preferred program, I would like to outline the process that led us to this development. Most of the data collection and analysis, along with an extensive consultation of public views, had been completed before I assumed the post of Secretary. But it then fell upon me to complete the most important step in the RCA process, and that is the step of formulating a recommended program and statement of Presidential policy which would address the soil and water conservation needs identified by the RCA appraisal.

The first step was to become familiar as quickly as possible with the tremendous volume of work that had already been done when I arrived. My top staff and I reviewed with our soil and water conservation specialists the data and findings of the national resources inventory, the assumptions and projections used to identify future agriculture needs, the options available for meeting these needs, and the public's comments thus far, and so forth.

The public, I should add, has contributed immensely to the process of the program development. More than 1.5 million comments were received, and a public opinion poll of over 7,000 citizens was conducted. We find that the public is becoming increasingly concerned about soil and water conservation problems, and this should help us achieve a more effective solution to the problem.

Parts I and II of the RCA appraisal have been completed and were before us. Part I reports on the present status and condition of the Nation's soil, water, and related resources. Part II analyses the use of these resources in the future under different levels of demand for our food and fiber, both at home and abroad.

We considered all of this material in the light of the philosophies and initiatives of the present administration. We recognize the need to be consistent with the views and policies of the President as set forth in his economic recovery program; namely, that, first, we seek to reduce Federal spending so that we can lower taxes in order to stimulate capital investment, create new jobs, and take control of inflation which threatens our economic well-being. That is the first point. The second point is, where possible, we emphasize problem solving at the local and State levels rather than at the Federal level.

We then began the process of formulating a realistic program from our data, a program that will be responsive to the needs, yet responsible in view of the economic situation; and I want to stress

that. I think we have to always appreciate it. It doesn't make any sense to develop or plan something that isn't practical in this day and age.

We evaluated key alternatives, considered the public comments that had been made, and developed a preferred program.

This document, which contains 130 pages, will be announced tomorrow and made available for public review and comment through January 15, 1982. After we receive and consider these comments—and that includes the comments of those who serve on this committee—the administration will formally prepare, and the President will submit to the Congress, a final recommended program and a statement of Presidential policy as provided for in the act.

The RCA appraisal underscores the fact that the Nation faces a number of serious resource problems. These problems could threaten our ability to produce the agricultural products we will need in the future. These problems include, No. 1, a potential for tremendous pressure on America's soil and water resources now and in the future, caused by substantial increases in demand for agricultural products, both in the domestic and export markets.

Two, soil erosion that is reducing productivity on 141 million acres of cropland. That is 1 of every 3 acres we farm. Over the next 50 years, this productivity loss could equal the output from 25 to 62 million acres of cropland. I don't predict that it will. I think we need to get control of our problem, as I think we are making some progress but we need to have more progress. We are not going to lose that soil and that productivity, that is why we are here today talking about it, which is a very serious concern of ours.

Three, projected steadily increasing upstream flood damages to cropland, pasture, and urban lands—another problem before us.

Four, on 60 percent of the Nation's non-Federal rangeland, erosion and other deterioration are damaging the resource base, sharply reducing its productive capacity. This land is producing forage at less than one-half of its potential. That means that potentially 600 to 800 million pounds of red meat aren't being produced every year because of the way this resource is being managed.

Five, a considerable amount of ground water being withdrawn for irrigation is not renewable. In some areas water is being withdrawn much faster than recharge can take place naturally.

As for the priorities for soil and water conservation programs, the preferred RCA program establishes national priorities based on these problems and the public's views. And, in order, these priorities are—and I think this is an important part—first, to reduce excessive soil erosion that could impair agricultural productivity. The second priority, in order, is to reduce flood damages in small, upstream waterways. Third, conserve water, enhance water quality and supply, and conserve community-related natural resources. And, fourth, improve fish and wildlife habitat and increase the use of organic waste.

These priorities clearly reflect our commitment to spare the agricultural productive capacity of this Nation from the ravages of excessive soil erosion. During this time of economic constraints, we must make choices. We cannot give as much attention right now to

87-600 O - 82 - 3

other priorities as we must to the first two: Erosion and flood damage—erosion is first.

Above all, we are convinced there is a need to expand and strengthen the decisionmaking and funding role of local and State government in cooperation with our Federal efforts. Response from the public was positive on this point. And we can see an excellent track record developing in our States and localities.

While our Federal conservation programs total over $800 million a year in Federal funds, non-Federal sources of funding for resource conservation programs have been growing in recent years. Close to $200 million annually is raised and spent by State and local governments for technical assistance and cost sharing. Therefore, we need a strategy of encouraging more States and localities to take action. We think this strategy can and must work. It led us to a decision to include matching block grants to the States in our preferred program.

We believe the priorities should be identified at the local and State levels to guide the decisions we arrive at here at the Department of Agriculture. The program alternative we have recommended is built around a stronger local, State, and Federal relationship for soil and water conservation.

I have to say briefly, in case there may be questions on the issue, that we have looked at the possibility of cross-compliance, a concept that has stimulated a lot of intense debate, which really means we are talking about requiring the farmer, if he is going to participate in USDA programs, that he must meet some kind of minimum soil conservation requirements. Another alternative of that would be that the farmer would get added benefits in his farm program benefits if he were to comply with some minimum standards of soil and water conservation. That would be under consideration; it will be up for comment.

I know that Senator Jepsen has been a strong advocate of soil and water conservation, and he has introduced legislation to provide for some incentives, tax credits, and so forth. That is another possibility, although it could result in some cost to the Federal Government at a time when we don't have very much in the way of resources.

Some of the preferred program highlights—to sum up, USDA will offer to team up in a strengthened and expanded partnership with local and State governments. It will work this way: Soil and water conservation programs reflecting local conditions, needs and priorities will be prepared at the county or multicounty level in each State. A local conservation coordinating board will develop and implement these programs, using guidelines from the State government and information and assistance from local representatives of USDA agencies.

We envision similar actions at the State level. A State conservation coordinating board, organized under procedures provided by State government, will use the local programs and priorities in preparing a State program and establishing State priorities. State-level representatives of USDA will advise and assist this State board. The Governor will designate a State agency—the one of his choice—to administer the program in that State in cooperation with local and Federal agencies.

The State program will become the basis for an agreement between the Governor and the Secretary of Agriculture. The agreement will establish closer cooperation between the State government and USDA. USDA agencies will provide assistance to the State government and to its citizens according to the local and State priorities.

This agreement will also provide a basis for USDA matching block grants to help States accomplish the activities agreed to by the Governor and the Secretary. These grants will supplement local and State funds.

The Secretary will appoint a USDA National Conservation Board from recommendations provided by State Governors. This National Board will advise the Secretary on needs and priorities for the USDA conservation program, review requests, and so on.

Conservation programs at all levels will feature targeting actions on the most critical problems while maintaining the conservation practices already established on all other lands, and thus focusing on the high-priority areas.

The targeting process will emphasize those measures that provide cost-efficient solutions to resource problems. For example, we will be encouraging conservation tillage methods to reduce excessive erosion on cropland. We will concentrate our action on reduced flood damage where the annual losses are high and where solutions are not too costly.

We are going to have a limited amount of resources and they have to be spent where we can get the most for our money. I think that is what we are trying to say. Long-term agreements will be used more extensively on a nationwide scale to assure timely, orderly planning on the installation of conservation methods.

New technology frequently provides better solutions to persistent resource problems, and so we intend to test new ideas in conservation through pilot projects.

The program actions proposed, including reliance on increased use of conservation tillage methods for erosion control, highlight the importance of research and education. We must develop solutions for a variety of concerns. Research and education will be targeted to major resource problems and areas. By working with the colleges and universities, we will be able to target more research, and through the Extension Service, more education toward the soil and water conservation problems that we face.

The Farmers Home Administration will develop policies that require borrowers to have a soil and water conservation plan to be eligible for farm ownership or soil and water conservation loans.

The effects of the preferred program—the preferred program provides for more conservation than we could expect if current programs and trends were continued. This program will reduce gross annual soil erosion, helping to maintain our long-term agricultural productive capacity. We will have a net loss of topsoil, regardless of which program we adopt, but the one we recommend will slow the rate of loss compared to the other alternatives.

I would warn that the preferred program is not a cure-all. There are many problems and needs, and the costs of solving them will be excessive. The preferred program, however, is an early action plan

geared to the highest priorities. It provides a foundation for solving problems. It is a place to start and I think it is very comprehensive.

Our ultimate objective is to insure that we have enough soil and water resources to meet our future needs for food and fiber at a reasonable cost. This program is a vital first step toward that objective.

In conclusion, the RCA process has given us the most complete and the most reliable appraisal and analysis of the Nation's soil and water resources ever developed. A strong agricultural economy will have to support a strong soil and water conservation program. Farmers and ranchers must make a profit if we expect them to make substantial investments in soil and water conservation. In our overall farm program and economic recovery program, we are striving to bring back the profit to the farmer and rancher. In the delivery of soil and water conservation services by the Department, our preferred program will bring some long needed changes. We welcome input from this committee.

Mr. Chairman, I will be glad to answer questions from you and from the committee.

Senator JEPSEN. Thank you, Mr. Secretary. Senator Hayakawa?

Senator HAYAKAWA. Mr. Secretary, in your remarks when you talked about several methods of soil conservation and one that you preferred. It was not perfect, but the one that you would recommend. Would you describe that method?

Secretary BLOCK. What we are really talking about here is a means of, in a practical manner, addressing our soil and water conservation problems. I say practical in light of restricted resources. I think it is practical because we are talking about working toward more local involvement at the local soil and water conservation districts, the States to become involved. We are looking toward block grants to the States, and the States putting together detailed plans on how they intend to attack the soil and water conservation problems within their States.

I think it will place a great deal of additional emphasis on this problem, and we think that these resources—the limited resources that we have—and the block grants would have to be, to a large extent, targeted toward some best management tillage practices rather than the very costly kinds of structures and so forth that we have traditionally spent money on and are very useful. But we are going to have to put some emphasis on better farming techniques. At the same time, we will be requiring the farm advisers across the land to work toward an educational program so that the farmers will not only appreciate the losses that they are suffering but they will be helped in finding ways to solve this problem.

We will be looking toward new technology from the implement companies as well as our own research efforts to find equipment and machinery and methods that could give us a system that will be less erosive to the land and yet still is productive.

I am convinced it can be done. I don't think we have to give up productivity as we move toward a means of farming that will be more soil conservation conscious. I think already we have seen a tremendous move toward chisel plowing. I know that Senator Jepsen, in his State, had a very large display and demonstration of new methods—not entirely new, but in the last 10 years they are

just pretty new—they are working, too, to a major extent. They are not the whole solution, but they are a big step in the right direction. If we can get this kind of education and understanding, I think it will help solve our problems, Senator.

Senator HAYAKAWA. Thank you very much. You talked about new technologies and new ways of plowing, among other things.

Secretary BLOCK. Yes. Or maybe no-till, too, is a possibility.

Senator HAYAKAWA. I see. You said in your prepared statement that "the tradition or motivation to practice soil conservation on family farms is not as prevalent today as it used to be." Now, what were the traditional motivations for conservation and what are the present attitudes toward this?

Secretary BLOCK. One of the problems is there is a lot of absentee ownership today that we did not see during earlier times and there is not quite the incentive there for soil conservation when you have absentee ownership.

Another reason is, today we simply are raising some crops that are more erosive. Today, it just isn't in the cards to have a 4-crop rotation, which would include oats and clover for 2 years. So it is the method of farming, and the ownership has played a part.

Senator HAYAKAWA. Are soybeans especially erosive?

Secretary BLOCK. Soybeans are the most erosive major crop that is produced in the country, and they are vital, not only to our country but other countries that need our soybeans. They are erosive, I mean, you see them growing, anyone would just look and say, well, there is a field of soybeans and there is a field of corn, and what is the difference? Well, for some reason soybeans—and I don't know all of the details, the soil scientists can tell us—but when you harvest a crop of soybeans, that soil is just looser. It will just melt away or flow away a little more easily than if it had been in corn.

Senator HAYAKAWA. Well, you may be aware because of inadequate drainage, 400,000 acres of farmland in south-central California are now threatened with a buildup of soil salts. Now, something like a million acres of fertile San Joaquin Valley farmlands are being threatened by the accumulation of salt causing inadequate drainage. Could you explain how your prosposed conservation program might address this problem?

Secretary BLOCK. When I was in California, I learned a great deal about that problem when I was there this summer. I confess, I don't have all the answers or the solution to it. I don't know if Mr. Crowell has any specific ideas on it or not. But that is one advantage to this comment period that we have between now and January 15. We really expect to get some good recommendations from people that have some ideas.

John, do you have anything to add?

Mr. CROWELL. Simply this, Senator, that drainage of lands that are not well drained have been part of the Soil Conservation Service's activity and mission. We still are concerned about the productivity basically of agricultural land, and particularly when the accumulation of salts is affecting potential productivity of lands that were good croplands, and were not naturally wetlands. It is an area that the Soil Conservation Service continues to make its technical assistance available to the farmers to do something about.

Secretary BLOCK. Let me say something if I may, Mr. Chairman, about my philosophy on the funds spent on soil conservation activities.

I think most of the money, by and large, should be spent where it is actually protecting a natural resource from some ultimate destruction, whether it be from washing it down into the rivers, or if the salts can really damage the land on a more or less permanent basis. But I do not feel comfortable in spending—technical assistance, yes, probably—but in spending very large amounts of taxpayers' money to simply increase the productivity of land. I am thinking of practices like tiling—tiling is great—and we have perhaps spent a fair amount of money most years on tiling on some of our farms. I think that is our responsibility because it just improves the productivity of the land and we are going to raise more crops.

We do want to avoid something that is going to permanently damage this land; and I think that the public has something at stake here when we are talking about permanent damage, and that is why I think that public funds can play a part in it.

Mr. CROWELL. If I might add just one more thought here, Senator, the problem that you put your finger on as being a local one in California demonstrates why we are concerned about developing this RCA program so that it will be responsive to local needs.

The structure that the Secretary described in his prepared statement indicates that we are going to be emphasizing local input to the solution of local problems, and that we will have the flexibility, with the cooperation with the State and local groups, to reach amicably and suitable technical solutions to the problems of that sort.

Senator HAYAKAWA. Thank you.

Senator JEPSEN. Senator Dixon.

Senator DIXON. Well, first, may I say, Mr. Secretary, it is always nice to see you back before this committee.

As you know, the United States is annually losing approximately 3 million acres of farmland in nonagricultural uses, such as highways, airports, industrial parks, and shopping malls; you don't address that issue today. When will you be sending your recommendations to this committee on that issue?

Secretary BLOCK. I do not have a timetable on that, Senator, but we are in the process of addressing the issue. And my thought is that we know and are concerned that in some cases there is excessive conversion of prime farmland in other uses. I think that the major role, as I see it, from the Federal Government's position has to be one of taking some leadership. But probably the real action has to take place in the State and local governments.

I know some States—I think it is something like six, I am not sure of the number—have already issued some kind of a State directive, or the Governor has, or they have done something to conserve and save farmland. There are a number of others that are looking toward this. So the Federal Government in some way can provide some leadership and some initiative to help other States move in that direction. I think, without spelling out a specific plan, that is how I visualize it.

Senator DIXON. Mr. Secretary, Representative Ed Madigan had a bill in the House, and I incorporated some of the provisions into the farm bill that we voted out of the Senate.

This would establish a program to combat sediment accumulation in public reservoirs. There is a concern of many local communities as to the loss or decrease in their water supply as a result of sediment accumulation in their public reservoirs. You indicate here that you are giving water conservation a relatively low priority in your scale of priorities. Will this mean that the USDA will not be providing assistance to these communities, or will there be some money available for those programs?

Secretary BLOCK. I would predict there would be some money available, but we did have to, like I pointed out, set some priorities. The first priority was erosion. And I might add, if we can control erosion a little bit, we will not have as much sediment in those reservoirs.

Senator DIXON. Thank you.

Senator JEPSEN. Senator Lugar.

Senator LUGAR. Mr. Chairman, just following up for a moment on Senator Dixon's request, and the issue of the withdrawal of land for urban and transportation purposes has been with us for quite a while. I am wondering, as a part of the study, whether the USDA can analyze really more comprehensively what has been coming both in and out of the land base over a period of time.

I know that a study that I have seen—and these are more obscure sources—indicate that almost as much land has been coming in as has been going out. The general impression in almost every debate that I have ever had on this subject with people in urban studies has been quite the contrary. In other words, that through the growth of suburbs, highways, and airports, and what have you, that a lot of productive farmland has been lost.

Often, as Senator Dixon has mentioned, the 3 million acre idea is utilized. The impression given over the course of half a century we might very well work through a large percentage of our production land when, in fact, we do not appear to be doing this at all.

It seems to me that this is either a myth or a reality, and it is terribly important in terms of the national debate on land use. So this is not really a question, except to say does the report address this question of ins and outs or whether we are gaining or losing, because it seems to me it is very important in terms of the predicates people have on all other sorts of policies.

The second question comes from your report today in which you say "the so-called ground water mining is depleting the Nation's water supply at the rate of 21 billion gallons a day, with the ground water level falling 7 to 10 feet per year." And the impression given, which may be an accurate one, is that here is an irreversible loss if there are no offsets, naturally or any other way, coming there.

Are there good maps presently that are available to the public, as well as to the farmers, as to where that is occurring geographically in the United States of America; to pin down the water table situation, show it locality by locality, because that would be tremendously important, it seems to me, in targeting what is to be done presently? And, furthermore, in terms of general agricultural

policy, if, as a part of your statement earlier on, there are real dangers to our base from attempts at overproduction, clearly these might be some of the places where that overproduction does have some very severe effects, not only on agriculture but on the potential for any sort of otherwise to occur if water tables are falling.

As a matter of curiosity, how much do we know about water tables, and, precisely, where they are going down and where this 21 billion gallons is being lost?

Secretary BLOCK. Senator, may I comment quickly on the first question? It is a fact that we found more cropland every year. We found about 8 million acres a year over the last 10 years.

Senator LUGAR. Eight million?

Secretary BLOCK. Yes. Now, part of that early on was land that had been set aside because of land retirement programs. But just this last year, this crop that we are harvesting now, we are harvesting a crop on about 7 or 8 million acres more than we raised last year. You have to just wonder where it is all coming from.

But I would say it probably isn't coming from shopping centers that have been torn down. It has come from land that has been drained, perhaps, or land that maybe they have decided to farm it, and some new system or something, or land that has been maybe not well cared for sometimes, not well utilized, and now it is being farmed. So we are not really experiencing a net loss of farmland, but yet at the same time we are using all we have today. As we look to the far distant future, it probably would be wise to at least look at the whole picture, and that is all you are asking. We look at what we may have to bring into production versus what we may be losing in the future, and look at the whole picture when we look at how we preserve the land.

The other point about the water table levels, in the areas where we have the most severe problem, Assistant Secretary Crowell handed this to me. [Indicating.] That shows the picture about it. Maybe you would want to comment a little bit on it, John. There is the area where it is the worst.

Mr. CROWELL. Simply to say, Senator Lugar, we do have a pretty good idea where the excessive drawdown on the ground water tables have been occurring. The National Agricultural Land Study which was completed about the end of last year does show that; and this map, which is in the summary of the NALS, indicates the areas of primary drawdown. So we do have a pretty good handle on that.

We do not have a good handle on how we are going to cure that problem. About the best projection that can be made is that when it becomes too expensive to pump water from increasing depths where the water is exhausted for that purpose, why the farming practices in those areas are going to change.

Senator LUGAR. Well, I suppose that this conservation report really cannot be an eye saver from the overall political hazards that attend to any of these ventures. For example, just for the sake of being provocative for the moment, that the Federal policy ought not to be encouraging production in areas in which the water supply is obviously being drawn down historically to the point of being catastrophic.

Now, at the moment that you mentioned that, and you take a look at that map, and there are large sections of the country covered, why a good number of people who are farming in those areas are not going to look kindly at that idea. They are clearly going to want to stay in business, come hell or high water, or low water as the case may be in this case. [Laughter.]

It seems to me that the dilemma I found with the conservation report is that it is just very difficult for us to define a strategy of whether we want to encourage production in the country or in all parts of the country, as opposed to having sort of a level attitude about it. And to the extent that we are determined to maintain production about the same levels that we have now with income maintenance for everybody involved, regardless where they are, then what we are witnessing here is very likely to continue. In other words, you say it is just not clear how you reverse this.

Secretary BLOCK. I think what you are talking about is the drawing down of the water table. It is almost the same situation where we have farm programs and farm program benefits occurring to those, regardless of whether they are employing adequate soil conservation practices on their land in Indiana, Illinois, or Iowa. Yet I do not know how we approach this. Like you say, the political considerations are a problem, and it is something that we will have to come to grips with.

Senator LUGAR. Well, the constituency it seems to me for this kind of reform is a very different one. In other words, in the case of my farm, I would have an interest, as you have projected, in this situation here. A family farm—been in the family for a long period of time and hope to for many years to come—to take good conservation practices. We figure the soil is ours and we had better look after it to make sure that it stays there if people are going to make a living on it for a while.

But next door there may be somebody that rented out the farm—as a matter of fact, somebody has—to DePaul University, as I recall, for years. Now, their interest in going through all of this is not as obvious. That is why Senator Jepsen's idea with regard to the tax credit, or whoever has it, probably is a practical means because it is not clear. The motivation is the same, as you pointed out, and I think that we have got a real problem here in terms of the total amount of the soil in the State of Indiana remaining in good state for a long period of time to come. Who does bear responsibility for that general base is not really clear.

And without some idea of cross-compliance so that there is at least sort of a level plain for all the people taking a common responsibility, I am not sure that we are going to see that. But, as you say, you have sort of raised problems and tried to determine I suppose how much political heat anybody wants to take in furthering it.

Thank you very much.

Secretary BLOCK. Thank you, Senator.

Senator HAYAKAWA. Mr. Chairman, I wonder if I might interrupt these proceedings for a moment, with apologies to the Senator from Kentucky, if the Senator from Kentucky will yield. I want to make a presentation to Secretary Block.

87-600 O - 82 - 2

As you know, California is famous for its creativity, and show business, in aerospace industries, no less than agriculture. One of my constituents has invented this new agricultural implement for solving one of the important problems facing California agriculture. I would like to present you with this—this is Brown's Medfly swatter. [Laughter.]

Secretary BLOCK. I think you should have left it in California. Thank you. I will use it right away. [Laughter.]

Senator HAYAKAWA. Thank you, Senator Huddleston.

Senator JEPSEN. Thank you.

Senator HUDDLESTON. Thank you. It is always a pleasure to be able to yield for such a momentous and profound presentation. [Laughter.]

Thank you, Mr. Chairman. Mr. Secretary, I am concerned somewhat that some members of the administration may want to emphasize Government conservation assistance that has only an immediate national and economic development benefit. As you know, the immediate cost of good conservation practices can be had, and yet many years may pass before the full benefit and economic value of good conservation practices are realized.

Does this administration recognize that immediate economic benefit should not be the only factor in measuring the value of a conservation program?

Secretary BLOCK. Yes, sir, I would say we do, Senator. I think traditionally we rely mostly on practices that have had a long-time benefit, and we do not contend that we should throw these out the window. I think they are very useful. But we do need to look toward some emphasis on practices that can give us immediate benefit or a more rapid benefit across a broader range of our land.

Senator HUDDLESTON. I don't object to that criteria as being part of the determination, but I don't like to see it being the entire decisionmaking practice because most of these conditions did not occur in a short time and they are not going to be corrected in a short time.

Secretary BLOCK. Yes, sir. Well, our intentions are, in light of limited resources, that it would be to scrape up a little money here and there from the many different types of programs we have in ASC and SCS to help put together enough money for this block grant program, which is going to go back to the farms anyway. I mean, through a different channel. But, for the most part, the other programs would all remain in place.

Senator HUDDLESTON. I understand that certain USDA projects and policies relating to water and other natural resources must now be approved by the Cabinet Council on Natural Resources and Environment, a Council which is chaired by Interior Secretary Watt. Now, the Secretaries of Housing and Urban Development, and Transportation are also members of this Council. Congress established the soil conservation service program specifically to deal with agricultural conservation problems.

Do you see this new Cabinet Council as potentially interferring or redirecting the agricultural conservation programs?

Secretary BLOCK. No. The Cabinet Council on Natural Resources and Environment does not have jurisdiction over the soil conservation program. It is planning to have some role over water projects,

including the watershed projects that we fund in the Department of Agriculture. The Cabinet Council I chair is for Food and Agriculture. I do not see this Cabinet Council as really being in a position to interfere. I don't feel we have to go through them to make decisions on our soil and water conservation activities. Although we have gone through that Cabinet Council on a couple of occasions, mostly to get broader base support and broader base understanding for what we are trying to do in Agriculture. But I don't feel that it is something that is going to block us.

Senator HUDDLESTON. It doesn't have a life and death control?

Secretary BLOCK. No, it doesn't. Now, certainly we all know that the programs we have in Agriculture are the President's programs, and I do not have any concerns about the Council being a problem.

Senator HUDDLESTON. How does the conservation grant program that you are proposing differ from the matching grant program that was tentatively selected last month?

Secretary BLOCK. It was selected when, Senator?

Senator HUDDLESTON. Last month, as I understand it, there was a matching grant program established.

Secretary BLOCK. There may have been some talk about the one we are talking about today. It may be the same thing; I am not sure. Do you know anything, John, about this?

Mr. CROWELL. Well, either that or the House version of the farm bill does include a provision for a matching grants program, which would approximate what we have in mind. It was drawn up, I understand, separately from any consultation with the Department about how we envision what this program that the Secretary is now describing might be shaped or what it might look like. But as it happens, there is a close proximity between what the House farm bill version proposes and what we envision as being the necessary legislative authority to implement the kind of matching block grant program that would be part of the RCA program. There will have to be some tinkering with it but, in essence, that idea has been adopted by the Secretary.

Senator HUDDLESTON. Have you arrived at the amounts of funding that will be channeled through the grant programs this year?

Secretary BLOCK. We have different options. We have low level, medium level, and high level. The level followed will reflect economic trends and other considerations. I think by the fifth year we will be looking at $30 to $100 million as the range.

Senator HUDDLESTON. Does this represent a shifting from other conservation programs?

Secretary BLOCK. Some of it would have to be shifted, yes, sir.

Senator HUDDLESTON. What will be the basis for the amounts that the grants for conservation will be allocated to the various States and local governments? Will you have a form on that?

Secretary BLOCK. Well, as far as criteria, we would be concerned, first, the States are going to have to have a program that we can look at and we feel is a good one. We can't just give it to them indiscriminately.

Second, within their program they would be targeting some of their areas.

Senator HUDDLESTON. Would this be on a competitive basis? They will submit their plans and you will pick out the ones you think are most effective?

Secretary BLOCK. I think all of them. Any State that has needs, if they have an adequate plan, would qualify. But I would say that as we develop this—and keep in mind, this is, all of this is in the stage of where we are just trying to figure out just exactly how to do it. But the States that might have the most severe needs might come in for more money. This is a distinct possibility.

Senator HUDDLESTON. I think you very correctly stated in your statement that to have any real substantial conservation practices begun you would first have to assure that there is some profitability to the farmer.

Secretary BLOCK. That's right.

Senator HUDDLESTON. We are now facing a situation where the real income of farmers is dropping rapidly, and it may be lower than it has been in many years. I am concerned about the cross-compliance approach, as to whether or not we could be sure that some of these requirements under the compliance are not outside of the economic ability of the farmer to participate; therefore, he may be denied other participations that would contribute to his income. Are we getting into a catch 22 situation there that might cause us a great deal of difficulty?

Secretary BLOCK. Well, I heartily agree that we have to have a profitability in agriculture. I don't feel that we can ask the farmers to employ practices that are going to cost them money that they can't afford. But if you can't afford to do it, you can't afford to do it. That's all.

But I firmly believe that many of the practices that can be helpful in soil conservation can result in just as much profit to the farmer as some of the older farming systems—in fact, maybe more profit. That is the message we need to get across.

Senator HUDDLESTON. I think that is right. The problem, as I see it, is that those benefits may come over a period of time, whereas, if he is denied participation perhaps in another agriculture program, in another Government program, because he doesn't have the funds to immediately initiate that kind of a program, he may be getting a double lick.

Secretary BLOCK. That is a great debate on just how to do this; from a personal standpoint, I guess I kind of tend to think that farmers that receive Federal farm benefits could be asked to meet some minimum soil conservation qualifications. But I think at the same time there is the other side to it that you brought up and it is one that is going to be debated long and hard.

Senator HUDDLESTON. Would it be possible if some of this requirement might just be in, as you mentioned, the techniques of farming, which may not in themselves be expensive, but could contribute to the conservation?

Secretary BLOCK. Yes. Well, I think that is what it would have to be. I don't think you could require farmers to put in terraces, dams, and structures.

Senator HUDDLESTON. I appreciate your comment that the RCA has brought about probably the most detailed analysis of our situation in the country today relating to our farmland, what is happen-

ing to it, and where we need to go. I think if the act does nothing more than that, it would be of some service to the country. But in the final analysis, the real value would be how we attack those, identify the problems, and what we are going to do about them. I commend you for coming forward with the program, and I am looking forward to having you develop the specifics on it.

Secretary BLOCK. We would solicit any direction, advice, or recommendation from this committee, Senator Jepsen, and Senator Huddleston, or anyone, because we conceive we do not have all the answers. But with a great amount of comment from the country and from interested parties and all the research that was done, this is what we come forward with, and I think it is a step in the right direction, but there is a lot of fine tuning to be done.

Senator HUDDLESTON. Thank you.

Senator JEPSEN. Thank you, Senator Huddleston, and thank you, Mr. Secretary. I will take just a brief minute here to coordinate and summarize what has been said. The block grant provision in RCA refers to a variable rate of matching grants to States for carrying out soil and water conservation programs. Block grants will stimulate additional State interests to carry out conservation work. This approach is in keeping with this administration's philosophy as one activity which can be completed at the State level. With the various types of soils and the geographical differences throughout the Nation. This appears to be the route to go. The conservation practice no-till at this particular time and with the current economic stress is something that ought to be encouraged by way of education. It is going to take some time to get those who have been plowing land over the years to come around to a new way of thinking. One can scratch the soil once and allow debris to remain on the surface and still raise crops. We can do it.

There is a slogan in Iowa about no-till * * * "it saves toil, and oil and soil," It also saves money. Crop yields do not have to suffer. We are all stewards of the land. We care about the land and want to be able to pass it on to the next generation in good condition.

Thank you, Mr. Secretary, John Crowell, and David Unger for being here today. We look forward to working with you. As chairman of the Subcommittee on Soil and Water Conservation, I appreciate your effort to provide effective liaison and for the input that you have provided. You have kept us informed. We look forward to continuing that working relationship and ultimately developing acceptable and effective soil conservation practices, not only in our farm bills but in the ongoing conservation programs. We want to carry out the good work that Senator Huddleston and others started years ago. Thank you very much for sharing your time with this committee. We sincerely appreciate your personal involvement and concerns.

Are there any further comments?

[No response.]

Senator JEPSEN. Thank you very much. The meeting is adjourned.

[Whereupon, at 12:09 p.m., the committee adjourned, subject to call of the Chair.]

APPENDIX

STATEMENT OF HON. JOHN R. BLOCK, SECRETARY, U.S. DEPARTMENT OF AGRICULTURE

I appreciate the opportunity to report to this Committee on the proposed soil and water conservation program of the Department of Agriculture. This is the program that the Department of Agriculture is required to develop under the Soil and Water Resources Conservation Act of 1977 (RCA). Your Committee has a long history of support for the conservation and wise use of our land and water resources. At my confirmation hearing, we discussed soil and water conservation needs, and later I committed myself to deliver a program to Congress by the end of this year. As you can see, I have not waited until the very end of the year. We have advanced the schedule, and our preferred program will be made available tomorrow for public review and comment.

Meanwhile, your Committee has approved some conservation initiatives that have been adopted by the Senate in their Farm Bill. You have not waited, either. I hope we can work together in a constructive spirit on new directions that are necessary to attack the Nation's soil and water conservation problems.

Before I discuss the provisions of our preferred program, I would like to outline the process which led to its development. Most of the data collection and analysis, along with an extensive consultation of public views, had been completed before I assumed my post as Secretary of Agriculture. It then fell to me to complete the most important step in the RCA process—formulating a recommended program and Statement of Presidential Policy which would address the soil and water conservation needs identified by the RCA appraisal.

The first step was to become familiar as quickly as possible with the tremendous volume of work that had already been done. My top staff and I reviewed with our soil and water conservation specialists the data and findings of the National Resources Inventory, the assumptions and projections used to identify future agricultural needs, the options available for meeting those needs, and the public's comments thus far about soil and water conservation programs and strategies. The public, I should add, has contributed immensely to the process of program development. More than 1.5 million comments on draft documents were received, and a public opinion poll of over 7,000 citizens was conducted. We find that the public is becoming increasingly concerned about soil and water conservation problems, and this should help achieve more effective action.

Parts I and II of the RCA Appraisal had been completed and were before us. Part I reports on the present status and condition of the Nation's soil, water, and related resources. Part II analyzes the use of these resources in the future under different levels of demand for our food and fiber both at home and abroad.

We considered all of this material in the light of the philosophies and initiatives of the present Administration. We recognized the need to be consistent with the views and policies of the President as set forth in his economic recovery program; namely that first, we seek to reduce Federal spending so that we can lower taxes in order to stimulate capital investment, create new jobs, and take control of inflation which threatens our economic well-being, and second, where possible, we emphasize problem-solving at the local and State levels rather than at the federal level.

We then began the process of formulating a realistic program from our data—a program that was responsive to the needs, yet responsible in view of the economic situation. We identified key alternatives, considered the public comments that had been made, and developed a preferred program. This document, which contains over 130 pages, will be announced tomorrow and made available for public review and comment through January 15, 1982. After we receive and consider these comments—and that includes the comments of those who serve on this Committee—the Adminstration will formally prepare and the President will submit to the Congress a final recommended program and a Statement of Presidential Policy, as provided for in the Act.

To summarize our document, it lays out in the facts of our soil and water situation today and probable future trends. It evaluates the existing programs of our Department in soil and water conservation. It sets long-range and short-range performance goals. It outlines three different alternative program approaches. and it sets forth a preferred program alternative.

The RCA appraisal underscores the fact that that Nation faces a number of serious resource problems. These problems could threaten our ability to produce the agricultural products we will need in the future. These problems include:

A potential for tremendous pressure on America's soil and water resources now and in the future, caused by substantial increases in demand for agricultural products, both for domestic and export markets.

Soil erosion that is reducing productivity on 141 million acres of cropland, one of every 4 acres we farm. Over the next 50 years, this productivity loss could equal the output from 25 to 62 million acres of cropland. Stated another way, this means that we would give up forever the production of 50 to 75 million metric tons of grain every year. That's half the grain we exported last year.

Projected steadily increasing upstream flood damages to cropland, pasture, and urban lands, which could reach $2.3 billion by the year 2000. These damages affect rural people and communities that can least afford the damage.

These effects alone could bring a signicant increase in the cost of producing and buying food and fiber. But the list of America's natural resource problems continues:

On 60 percent of the Nation's nonfederal rangeland, erosion and other deterioration are damaging the resource base, sharply reducing its productive capacity. This land is producing forage at less than half its potential. That means that potentially 600 to 800 million pounds of red meat aren't being produced every year.

A considerable amount of ground water being withdrawn for irrigation is not renewable. In some areas, water is being withdrawn much faster than recharge can take place naturally. This so-called "ground water mining" is depleting the Nation's water supply at a rate of 21 billion gallons per day. In some areas, ground-water levels are falling 7 to 10 feet per year.

These are serious problems of great consequence for this Nation. They affect farmer, rancher, businessman, and consumer alike. They need attention if we are to keep agriculture viable and protect and maintain a resource base that is able to provide food and fiber for future generations. We need to identify the most pressing and urgent problems and take the most effective action that we can advise to address them.

PRIORITIES FOR SOIL WATER CONSERVATION PROGRAMS

The preferred RCA program establishes national priorities based on these problems and the public's views. In order, these priorities are to: (1) reduce excessive soil erosion that would impair agricultural productivity; (2) reduce flood damages in small upstream waterways; (3) conserve water, enhance water quality and supply, and conserve community-related natural resources; and (4) improve fish and wildlife habitat and increase the use of organic waste.

These priorities clearly reflect our commitment to spare the agricultural productive capacity of this Nation from the ravages of excessive soil erosion. If we can carry out the first and second priorities—fighting both erosion and upstream flood damages—we will go a long way toward achieving the other priorities. But during this time of economic constraints, we must make choices. We cannot give as much attention right now to the other priorities as we must to the first two—erosion and flood damage.

EXISTING PROGRAMS NEED CHANGE

During the RCA process, we also studied how effective our present conservation programs in USDA have been. A substantial number of studies have been made over the years on this by the General Accounting Office, Committees of Congress, and USDA itself.

But thanks to the RCA process, we have had a new chance to look at our programs comprehensively and critically. The act called for a fresh look, in the light of present and future needs, at more than four decades of soil and water conservation programs in our Department.

The soil and water conservation programs that have evolved during the last 45 years have assumed that farmers, ranchers, and other resource users are generally motivated to practice sound conservation methods, but that some may not be doing

it for financial reasons or because they do not have enough information. Today, other factors in agriculture play a significant part.

The costs of production on farms have increased faster than commodity prices, reducing net income per unit of production. Dramatic increases in land prices have made the cost of starting and maintaining a farming operation skyrocket. Trends in farm ownership show that we have fewer owner-operated farms every year. The traditional motivation to practice soil and water conservation in stewardship of the family property for future generations is not as prevalent, and our conservation programs have not reflected this.

Agriculture has become more intensive and concentrated on the soils of specific food-growing regions. Our entire Nation is more and more dependent on these regions for its primary food supply. Existing conservation programs do not fully reflect the beneficial consequences that natural resource conservation has for our total food-dependent society.

Such factors clearly tell us it is time to shift away from the traditional style of program delivery. We can no longer afford soil and water conservation programs that serve on a random "first come, first served" basis. The first step, as I have said, is to set an order of priorities. Soil erosion and upstream flooding head the list.

Our programs, whether technical assistance, cost-sharing, loans, research, or education, should now have these clear priorities. We should set clear objectives over the short and long term to mark our course and enable us to chart our progress. We should identify areas of the Nation that have the most critical soil and water conservation needs and target more program efforts to those areas. And we should move ahead to improve the federal-state-local partnership in conservation. Conservation systems may work in one area but not in another. Oftentimes local people come up with the best ideas for their county. So we should provide more latitude for selecting conservation systems adapted to local needs as well as national needs. If we foster more local involvement in program decisions, our programs will be better accepted and more effective.

Above all, we are convinced there is a need to expand and strengthen the decisionmaking and funding role of local and state government in cooperation with our federal efforts. Response from the public was positive on this point. And we can see an excellent track record developing in our states and localities. While our federal conservation programs total over $800 million a year in Federal funds, nonfederal sources of funding for resource conservation programs have been growing in recent years. Close to $200 million annually is raised and spent by state and local governments for technical assistance and cost sharing. Therefore, we need a strategy of encouraging more States and localities to take action. We think this strategy can and must work. It led us to our decision to include matching block grants to the states in our preferred program. We believe the priorities should be identified at the local and State levels to guide the decisions we arrive at here at the Department of Agriculture. The program alternative we have recommended is built around a stronger local, State, and Federal partnership for soil and water conservation.

I would like to say a word about "cross-compliance." This is a concept that has stimulated intense debate. It would tie soil and water conservation performance to participation or benefits in specified USDA programs.

One form of cross-compliance would make adequate conservation performance a condition for eligibility for a USDA program or programs. An alternative form would provide added benefits from specified programs to land owners and operators who met or exceeded locally adopted standards.

Cross-compliance, especially the first version, has had a general lack of public support. Administering a cross-compliance provision would be difficult, and its effectiveness in accomplishing conservation objectives could fall short. Yet the majority of the public who commented on this strategy felt it would result in more effective soil and water conservation. We propose trying it in some form on a limited, pilot basis in the Farmers Home Administration loan program.

Another approach that has been proposed is tax incentives. There is already a special incentive in the tax laws for conservation improvements to the land. An active farmer may take his conservation improvements to his land as a tax deduction in the year he makes the improvement. This deduction is limited to 25 percent of the farmer's gross income. There are two limitations with this: first, only an active farmer may take advantage of this tax break, not a cash-rental landlord. Active farmers who do not own the land they farm are not always motivated to improve the land for conservation, even if there is a tax incentive. Cash-rental landlords, who might be better motivated to improve the land and are often in high tax brackets, cannot take this deduction if they improve their land. Second, the

deduction is limited to 25 percent of the farmer's gross income in a single year, and will not help a farmer in a low tax bracket very much.

Senator Jepsen, the Chairman of the Subcommittee on Soil and Water Conservation, has introduced a bill, S. 569, which has 25 cosponsors. It provides a tax credit of 10 percent for conservation expenditures that may be taken either by an active farmer or a cash-rental landlord. The active farmer could still elect to take this deduction under existing law instead of his credit. The Treasury Department presented the Administration's position in opposition to S. 569 at hearings before the Finance Committee on October 23.

Other bills have been introduced by Senator Grassley (S. 1561) and Representative Tauke (H.R. 4411). We are still studying the various proposals, and of course we must coordinate our views with the Department of the Treasury and the Office of Management and Budget. We want to be sure that tax incentives will truly create conservation measures that would not be created otherwise. You can be sure we will continue to consider these proposals between now and the time when the President sends our final program to Congress.

PREFERRED PROGRAM HIGHLIGHTS

To sum up, USDA will offer to team up in a strengthened and expanded partnership with local and state governments. This is how it will work:

Soil and water conservation programs reflecting local conditions, needs, and priorities will be prepared at the county or multicounty level in each state. A local conservation coordinating board will develop and implement these programs using guidelines from the state government and information and assistance from local representatives of USDA agencies.

We envision similar actions at the state level. A state conservation coordinating board, organized under procedures provided by state government, will use the local programs and priorities in preparing a state program and establishing state priorities. State-level representatives of USDA will advise and assist this state board. The Govenor will designate a state agency to administer the program in cooperation with local and federal agencies.

The state program will become the basis for an agreement between the Governor and the Secretary of Agriculture. The agreement will establish closer cooperation between the state government and USDA. USDA agencies will provide assistance to the state government and its citizens according to the local and state priorities.

This agreement will also provide a basis for USDA matching block grants to help states accomplish the activities agreed to by the Governor and the Secretary. These grants will supplement local and state funds.

The Secretary will appoint a USDA National conservation Board according to recommendations provided by State Governors. This board will advise the Secretary on needs and priorities for the USDA conservation program, review requests from states for matching grants, and recommend actions.

Conservation programs at all levels will feature targeting actions on the most critical problems while maintaining the conservation practices already established on all lands. This focus on high-priority problem areas in concert with emphasis on cost-efficient conservation activities everywhere should provide for the best results in protecting the productive capacity of our soil and water resources.

The targeting process will emphasize those measures that provide cost-efficient solutions to resource problems. For example, we will encourage conservation tillage methods to reduce excessive erosion on cropland. We will concentrate our actions to reduce flood damages where the average annual losses are high and where solutions are not excessively costly.

Long-term agreements will be used more extensively and on a nationwide scale to assure timely and orderly planning and installation of conservation methods. These agreements will help to assure that needed practices are established and maintained as we strive to protect the productive capacity of agriculture for the future.

New technology frequently provides better solutions to persistent resource problems. Pilot projects and special studies will test and evaluate new ideas for solving these problems. They can help us design more effective conservation programs in the future.

The program actions proposed—including reliance on increased use of conservation tillage methods for erosion control—highlight the importance of research and education. We must develop solutions for a variety of concerns and determine what effects those solutions will have. Research and education will be targeted to major resource problems and areas.

The Farmers Home Administration will develop policies that require borrowers to have a soil and water conservation plan to be eligible for farm ownership or soil and

water conservation loans. The local conservation coordinating board will determine the adequacy of the plan. This will signal a new level of concern for soil and water conservation in other USDA programs.

Objectives and administrative procedures are sometimes inconsistent among programs. The preferred program calls for USDA actions that will minimize those features of programs that limit achievement of conservation objectives.

Tax incentives, as mentioned previously, may provide additional encouragement for farmers to adopt conservation methods. While the recommended program offers no specific initiatives using tax incentives, it does provide for study and some pilot testing in lieu thereof to determine the effectiveness and feasibility of various incentives.

We also propose to strengthen our capability to collect and analyze data, to evaluate existing programs, and to propose new programs. Programs are usually no better than the data and analysis used in designing them.

USDA agencies will coordinate the preparation of their budgets to avoid duplication of effort, eliminate program features that work at cross-purposes with one another, and ensure that the Department's priorities, objectives, and policies are met.

EFFECTS OF THE PREFERRED PROGRAM

The preferred program provides for more conservation than we could expect if current programs and trends were continued. This program will reduce gross annual soil erosion, helping to maintain our long-term agricultural productive capacity. We will have a net loss of topsoil, regardless of which program we adopt, but the one we recommend will slow the rate of loss compared to the other alternatives.

I must warn you that the preferred program is not a cure-all. There are too many problems and needs, and the costs of solving them would be excessive for the present state of the national economy. The preferred program is, however, an early-action plan geared to the highest-priority needs. It provides a foundation for solving other problems later on as economic conditions permit. Our ultimate objective is to assure that we have enough soil and water resources to meet our future needs for food and fiber at a reasonable cost. This program is a vital first step toward that objective.

CONCLUSION

In conclusion, the RCA process has given us the most complete and the most reliable appraisal and analysis of the Nation's soil and water resources ever developed. A strong agricultural economy will have to support a strong soil and water conservation program. Farmers and ranchers must make a profit if we expect them to make substantial investments in soil and water conservation. In our overall farm program and economic recovery program, we are striving to bring back the profit to the farmer and rancher. But in the delivery of soil and water conservation services by the Department, our preferred program will bring back some long-needed changes. We welcome input from this Committee on our proposal.

Mr. Chairman, I will be glad to answer questions about the program or furnish any further information needed by the Committee.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., December 31, 1981.

Hon. JESSE HELMS,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further response to your letter of November 24, 1981, submitting additional questions by Chairman Roger W. Jespen, Senate Subcommittee on Soil and Water Conservation, and Executive Vice President R. Neil Sampson, National Association of Conservation Districts, regarding my briefing of October 28, 1981, on the Administration's soil and water conservation policy.

Enclosed are Senator Jepsen's and Mr. Sampson's questions and my answers to them for entering in the printed hearing record.

Sincerely,

JOHN R. BLOCK, *Secretary.*

Enclosure.

SENATOR JEPSEN'S QUESTIONS AND SECRETARY BLOCK'S ANSWERS THERETO

Question. What is the definition of block grants as it is proposed in the new policy?

Answer. Block grants would be made to states, but they would be contingent on the states providing a portion of the funding needed for a cooperative soil and water conservation program. They would be block grants in the sense that the states would be able to design their own programs with these grants. We would put as few strings as possible on these funds. Basically, we would approve of any reasonable plan the states had for attacking the critical problems of conservation. We anticipate that the states would use the major portion of the block grant funds for two purposes: first, to employ staff at the local level to provide technical assistance; and second, to provide cost sharing and other forms of financial assistance for implementing soil and water conservation "on the ground," on farms and ranches. However, the states, if they desired, could also use grant funds for education and information, pilot projects, transfer of technology from research to the land, and data collection and data analaysis.

Question. Do you anticipate the cross-compliance provision to be expanded to any other phase of the policy than FmHA loans?

Answer. Not at the present time, although we will keep the matter open. As I mentioned in my statement, the actual implementation of broad-scale cross-compliance has not had general public support. It is controversial. It would impose serious constraints on farm operations, without achieving that much of the end result—better conservation. Our preliminary studies indicate it would be complicated and costly to administer such a program. Yet, a majority of the public who provided us their opinion, felt this approach would be effective in solving conservation problems. Quite clearly the time may come where it will be desirable to consider extension of cross-compliance provisions to additional programs in the Department.

However, there is still time to study the situation and evaluate potential solutions. I intend to encourage the agencies in the Department to cooperate with and assist states in their attempts to deal with this problem at the state and local level. We would be willing to cooperate in some pilot projects that would test approaches to cross-compliance. Hopefully, these would provide us more information on how we can be most effective in applying this approach in a fair and practical manner.

Question. How will you decide on the distribution of funds to target areas?

Answer. The first step would be to look at the resource information we have, and from that data, designate the target areas where we will concentrate our efforts. The draft procedures for doing this are being developed for our review by a work group headed by the Soil Conservation Service (SCS). Once the areas are identified and procedures establihsed, we will oversee and coordinate the budget formulation process of the two agencies—SCS and the Agricultural Stabilization and Conservation Service (ASCS)—because these are the agencies that will be targeting their resources.

Question. Do you anticipate having to close any USDA offices as a result of the targeting concept?

Answer. We do not foresee any USDA offices being closed as a result of the targeting concept. But several factors will influence the number and location of USDA offices. These include funding and staffing levels, the nature, location and extent of the workload, and the needs for USDA assistance to augment state and local program efforts. We will continue to locate and staff USDA offices using these criteria. There will undoubtedly be some shifting of assignments as we focus more of our program efforts on high priority problems.

Question. Why is the protection of agricultural land not a provision in the new policy?

Answer. The preferred program indicates USDA will encourage and advocate the retention of agricultural land to the maximum extent possible. We are calling attention to the problem on a national scale, and we will work with state and local initiatives. While some have called for a more positive Federal initiative, this approach is clearly consistent with our position that decisions on land use should be made at the state and local level.

Meanwhile, the Department is addressing the issue of farmland retention as affected by Federal programs as a separate issue. We are making our recommendations to other Departments in this regard.

Question. If the new policy is implemented, how will existing conservation programs be affected? Will any be eliminated?

Answer. Procedures for administering existing programs will need to be revised where necessary to make them consistent with the preferred program. This will require some changes to implement the concepts of priorities, targeting, and in-

creased cooperation and involvement of local and state government. To the extent that the Federal funds for matching block grants are obtained from reductions in existing Federal conservation program funds, this could have a significant impact on the existing programs.

Question. What assurance can you give me that USDA agencies will indeed cooperate in carrying out the new policy?

Answer. We have made a special effort to involve every affected agency in the development of the preferred program. This includes program experts within the agencies and the policy officials who assist me in leading the agencies. I view this as a Departmental program and not the brainchild of a single agency or individual. I have confidence that there is support and commitment to this program within each affected agency.

Also, as the program indicates, I will establish a committee at the top level of the Department to monitor the agency budget formulation and action plans to ensure there is appropriate coordination and cooperation among the agencies. We will take additional actions if needed to achieve the cooperation of USDA agencies.

Question. What assurance can you give that the responsibilities of existing organizations such as soil and water conservation district boards and ASCS county committees, will not be duplicated?

Answer. Conservation districts and ASCS county committees have established a creditable record in developing and carrying out their responsibilities. Each group recognizes the need to work together to accomplish mutual goals and objectives. The preferred program will provide added encouragement to this process and expand it to include a wider variety of local interests. Conservation district boards, organized under state law, and ASCS county committees would continue to carry out their assigned functions and responsibilities. However, I believe their efforts will be more productive if they periodically meet to agree on a cooperative program directed toward common goals and objectives. Certainly, the people and the resources being served will benefit from this more unified effort.

Question. Can you explain how you will proceed in studying the need for tax incentives to accelerate the installation of conservation practices?

Answer. An interagency work group will be established to study further the issue of tax incentives. We need a comprehensive review of existing information on this matter. We need to exchange ideas with the Department of the Treasury and the Congress about what is needed and what should be offered. I think some pilot projects to test solutions and methods for addressing this issue can be very useful. This could include the use of simulated tax incentives to test the effectiveness, acceptability, and cost of different approaches. We want to do this in cooperation with the Treasury Department. This will lead to more effective and equitable use of tax incentives for conservation treatment.

Question. Some states are not as far along with legislation and funding to combat erosion as others, and yet erosion problems appear to be serious in those states. If more responsibility for reducing soil erosion is to be given to states and counties, how will you account for these legislative and funding inequities?

Answer. This is a legitimate concern and one we have given serious thought. First, we must recognize and assist those states which have already addressed their problems and needs and have established programs for solving them. We intend to do this by continuing to support them in their efforts. We would further recognize their contribution via a "grandfather clause" in our block grants program. Hopefully, this will encourage continued and strengthened efforts in these states.

Second, the preferred program proposes that at least 50 perent of the block grants will be allocated to states for addressing their own priorities. We anticipate this will be an added incentive for all states to expand and increase their commitment to meeting their soil and water conservation needs.

Third, the concept of variable rate matching grants provides me some discretion in negotiating agreements that are adapted to the financial, legislative, and other conditions in each state.

The National Conservation Board, which will be appointed from recommendations made by the governors, will provide advice and counsel in achieving effective use of these funds in a fair and equitable manner.

Mr. Sampson's Questions and Secretary Block's Answers Thereto

Question. Historically, the states have enacted legislation that establishes a state agency with responsibility for soil conservation, and created local conservation districts to develop a local program and work with USDA agencies in helping target conservation programs to areas of greatest local need. The preferred RCA program proposes to enhance the way in which USDA programs utilize the capabilities of

state and local government. Yet the same proposal would create a new set of committees at the state and local level, empowered (by USDA, it would appear) with responsibilities that appear to replace or duplicate the functions now carried out at the state and local level under state law. Is this the case?

Answer. Conservation districts have a primary interest and are assigned a significant role for carrying out soil and water conservation programs at the local level. At the same time, we are aware they are not the only agency responsible for or affected by the various local, state, and federal programs. The RCA objective is entirely consistent with that of the conservation districts—a locally developed and administered program that is effective in solving local conservation problems. The proposed RCA program will foster and enlarge a process of cooperation and participation that already exists between conservation districts and other organizations that share their interest in soil and water conservation. Hopefully any and all existing plans and programs for addressing the conservation needs at the local level will be utilized. We trust that all the local institutions who can contribute to the conservation of our vital soil and water resources will be involved and utilized.

Question. How would these new committees relate to the ongoing agencies at the state and local level? How would USDA recognize the programs already developed by state and local units of government? How will the existing Memorandums of Understanding between the Secretary and the conservation districts be affected?

Answer. We would hope the relationship at the state level would follow the pattern discussed for the local level. The objective is the formulation and adoption of a state program that represents the ideas and priorities of all major interests in soil and water conservation at the state level. The way this is accomplished is a matter to be decided within the state. We trust they will recognize and utilize the on-going agencies at the state level. The USDA objective is to be able to respond to a unified program representing the plan preferred by the state, rather than programs from each agency or interest group. The program adopted by the state may or may not be the one already developed by a responsible state agency. That decision will be made by the leadership of the state.

That decision will be made by the leadership of the state.

Existing Memorandums of Understanding between the Secretary and conservation districts will continue in effect.

Question. Most of the states have developed, or are developing, a long-range program for soil conservation. Since these programs are based on the types and amounts of assistance that have been available in the past, how will shifting funds from ongoing programs into matching block grants affect the needs seen from the state level? Will the states not be led to use the grant funds to replace the lost USDA program capability?

Answer. It will be up to each state to decide the most effective way to use its matching grant funds, consistent with its own priorities and the national priorities and objectives incorporated into the grant program by USDA. It is too early to tell how much, if any, regular Federal program capability will be lost over the next few years, and in which states such losses may occur. Certainly, the targeting by USDA of some regular program funds will affect certain states and localities, as will the size of overall Federal program budgets in conservation.

It is possible, therefore, that some states will need to use grant funds to offset losses of other USDA program capability, due either to national targeting policies or general budget cuts. We do not want to lose the momentum for conservation that exists in any area. A base level of conservation programs is important to be maintained throughout the Nation because new conservation problems could arise to threaten soil and water resources anywhere in the Nation, even areas that would not now qualify for targeting. This has been our experience.

○